

## 2010 MEDICARE PART D

-  **CHOICE**
-  **COVERAGE**
-  **COSTS**
-  **CONVENIENCE**

### ENROLLMENT PERIOD--2010

**NOVEMBER 15 TO DECEMBER 31, 2009**

- ▶ **Nov. 15, 2009:** First day you can change your Medicare health/prescription drug plan coverage.
- ▶ **Dec. 31, 2009:** Last day you can change your Part D coverage for 2010.
- ▶ **Jan. 1, 2010:** Your 2010 Medicare Part D plan becomes effective.

### CHANGE HAPPENS: Stay or Switch??

Right now you have the opportunity to change your Medicare Part D prescription drug plan coverage. If you are satisfied with your current 2009 plan—and understand how your plan may be changing in 2010—you do not need to take any action and you will be automatically re-enrolled into the same prescription drug plan for 2010. If you find that your current plan is not being offered in 2010, you may wish to review your Part D plan's Annual Notice of Change (or ANOC) letter to see if you will be automatically moved to another 2010 prescription drug plan or whether you will need to actively choose a new Medicare Part D plan for 2010.

Coverage and costs change yearly, so compare plans and your needs; the plan that worked best in 2009 may not work best in 2010. You can switch *only until December 31, 2009*. With some exceptions, you can only enroll during certain times of the year.



### New to Medicare Part D?

- ▶ If you are newly eligible for Medicare because you are about to turn 65, the month of your Medicare eligibility is the month of your 65<sup>th</sup> birthday; and you can enroll up to three months before and up to three months after the month you turn 65.
- ▶ If you become eligible due to a disability, your month of eligibility is the 25<sup>th</sup> month of receiving Social Security Disability Insurance (SSDI).
- ▶ Although enrolling in a Medicare drug plan is "voluntary," if you do not enroll during your Initial Enrollment Period (IEP) AND do not have creditable coverage for your drugs (i.e., prescription drug coverage that is at least as good as Medicare's Part D benefit), you may incur a penalty of one % of the average national premium for every month you were eligible and did not sign up. This additional cost will be added on to your drug plan premium each month. With few exceptions, if you do not enroll between November 15 and December 31, 2009, your next chance for coverage is January, 2011.

## WHAT IS MEDICARE PART D?

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) created optional prescription drug insurance through Medicare. It is commonly referred to as Medicare Part D.

This drug coverage is available to everyone who has Medicare, regardless of income, health status or how their prescriptions were previously covered. Private companies provide the insurance coverage, you choose the drug plan and pay a monthly premium.

The companies provide Part D coverage in two ways:

1. Stand-alone prescription drug plans (PDPs) which offer only prescription drug coverage.
2. Medicare Advantage Prescription Drug plans (MA-PDs) which offer prescription drug coverage and medical services.

**This brochure provides information on PDSs only.**

## NATIONALLY

**FYI**—The US spends more on health care than any other developed country—\$2.4 trillion in FY 2008, increasing to \$4.4 trillion in FY 2018. Medicare is the single largest payer within this system, with expenditures in FY 2008 of \$386 billion, rising to \$797 billion by 2018 (Congressional Budget Office, 2009).

**Medicare and Social Security:** The average monthly PDP premium will rise by 11% from \$35.09 in 2009 to \$38.85 in 2010. Average weighted premiums have risen by 50% since Part D began in 2006. These premium increases will likely result in overall reductions of Social Security checks, since the Social Security Administration has projected that there will be no cost-of-living (COLA) increase for Social Security recipients in 2010. Additionally, while The Congressional Budget Office projects that there will be no COLAs in 2011 or 2012, Part B and Part D premiums are also expected to increase in those years. The average Part B plus Part D premium is estimated to equal about 12% of the average Social Security benefit in 2010, and 16% of the average benefit in 2025 (2009 Annual Report of Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds).

**Coverage Gap:** The coverage gap, or so-called “doughnut hole,” is a unique feature of the Medicare Part D drug benefit where Part D enrollees are required to pay 100% of total drug costs after their spending exceeds the initial coverage limit and before reaching the catastrophic coverage limit. The coverage gap exists because the cost of providing continuous coverage with no gap exceeded the budgetary limit imposed on the legislation that established the Medicare drug benefit. In 2010, most Part D plans have a coverage gap, which totals \$3,610 in drug costs for plans offering the standard Medicare Part D benefit; by 2019, the gap is projected to be nearly \$6,000 (Kaiser Family Foundation).

## IN CALIFORNIA

California residents will find that the total number of stand-alone Medicare prescription drug plans has decreased from 51 in 2009 to 47 in 2010. Eighty % of California seniors can expect to see their monthly prescription drug plan premiums increase in 2010 by an average of \$5.37—if they do not switch to a lower-cost prescription drug plan. Overall, monthly 2010 prescription drug plan premiums in California will increase 2.71% from a 2009 average monthly cost of \$46.86 to a 2010 average Part D plan premium of \$49.57. In 2010, California’s prescription drug plans’ monthly premiums will range from \$17.60 (First Health Part D) to \$105.50 (Humana PDP Complete).

## LOW-INCOME SUBSIDY/DUAL ELIGIBLES (LIS)

The Low-Income Subsidy (LIS) program helps pay for a portion of Part D prescription drug plan costs, including Part D premiums, deductibles and copayments. The Centers for Medicare and Medicaid Services (CMS) is required to automatically enroll dual eligibles (those eligible for full Medi-Cal or a Medicare Saving Program) into Part D plans and to deem them eligible for the LIS program. Depending on your income and assets, you may qualify for the full subsidy or a partial subsidy. All beneficiaries who qualify for the LIS program are permitted to change Part D plans once a month at anytime during the year.

LIS recipients who receive the full subsidy level are entitled to Part D drug coverage with no monthly premium as long as they are enrolled in a prescription drug plan with a premium below a regional benchmark amount set by CMS. Such plans are referred to as “benchmark” or “zero premium” plans. Benchmark amounts and individual plans’ monthly premiums change annually, therefore the eligible plans for LIS recipients also change each year. For the 2010 plan year, California’s benchmark amount will be \$29.00. (In 2009, the premium was \$24.86.)

In 2009, there were six Medicare Part D benchmark plans; in 2010, five of these plans will return as benchmark plans while the sixth (Unicare’s MedicareRx Rewards Standard) will merge with another benchmark plan (Anthem’s Blue Cross MedicareRx Standard). All beneficiaries, including LIS recipients, in the plan that is merging will automatically be moved to the new plan. In addition to the five returning plans there will be two new plans (Anthem’s Blue Cross Medicare Rx Standard and Fox Value Plan), for a total of seven benchmark plans in 2010.

All LIS beneficiaries must review their 2010 plan options. Even if a plan’s premium stays below the benchmark, the plan may have changed its formulary or placed increased restrictions on drug use.



**Can Insurers be Sued?** In *Uhm v Humana*, the Ninth Circuit Court of Appeals is considering whether enrollees in Medicare plans can sue their plan for violations of state law. The District Court and the Ninth Circuit had dismissed the claims based on federal preemption, but the Ninth Circuit Court then agreed to a rehearing. The issue of Medicare preemption has implications for cases in which private Medicare plans violate state consumer protection (e.g. with regard to marketing ) or personal injury laws.

**Dual Eligibles Class Action:** In October 2009, a federal judge approved a settlement agreement in the Medicare Part D class action lawsuit *Situ v. Leavitt*. Under the agreement, CMS agreed to make changes to its administration of the prescription drug benefit for dual eligibles—including allowing states to submit files identifying dual eligibles more frequently, processing information from states upon receipt and strengthening the Best Available Evidence (BAE) policy.

**New Safety-Net System:** CMS has announced a new system to help LIS beneficiaries have better access to their prescription drugs when they are not enrolled in a Part D Plan. Effective Jan. 1, 2010, this system, called the Limited Income Newly Eligible Transition (LI NET) program, will replace the current Point-of-Sale (POS) system operated by WellPoint. In addition to paying immediate and retroactive claims, the LI NET plan will provide ongoing coverage on a temporary basis and will be administered by Humana.



## HOW PRESCRIPTION DRUG COVERAGE IS CALCULATED



By statute, the Centers for Medicare and Medicaid Services (CMS) must update the parameters for the standard Medicare Part D drug benefit on an annual basis to account for the increased cost of prescription drugs. Most Part D benefit parameters are updated using the annual %age increase in average expenditures for Part D drugs per beneficiary, and are subject to various rounding rules. Drug companies have to offer a plan that is at least as good as the standard design. Some companies offer more coverage and additional drugs for a higher monthly premium.

The 2010 parameters below were calculated using the annual %age increase method. The 2010 annual %age increase is 4.66%.

### Standard Part D Coverage for 2010

If your drug costs are:	You pay:	Up to:	Cumulative out-of-pocket costs:
\$0 - \$310	100%	\$310	\$310*
\$311 - \$2,830	25%	\$630	\$940*
\$2,831 - \$6,440 (the donut hole)	100%	\$3,610	\$4,550*
Over \$6,440 (catastrophic coverage)	5%	no limit	\$4,550 Plus 5% of costs above \$6,440*

\*These numbers do not include the cost of your monthly premium.

As indicated above, the 2010 annual deductible for Part D plans (the amount you must pay before coverage kicks in) will be \$310, up from \$295 in 2009. Once you pay the deductible, your Medicare Part D plan will pay 75% of your drug costs up to \$2,830; you pay 25% or up to \$630. Then you enter a coverage gap or the so-called “donut hole” and are responsible for 100% of your drug costs up to \$6,440. After that, the government will pay 95% of your drug bills. In 2010, your out-of-pocket drug costs could total \$4,550—before Medicare will take over paying for nearly all of your drug costs.

**PREMIUM:** *The monthly payment made to your plan for drug coverage.* In 2010, 37 plans increased their premiums from their 2009 level; premiums for two plans remained the same and premiums for nine plans decreased. Seven of 2010’s 47 Prescription Part D drug plans offer a \$0 premium with a full low-income subsidy for those who qualify.



**FORMULARY:** *The list of drugs that your plan covers.* Providers continue to change formularies, consolidating, dropping or adding drug plans each year. Check your plan’s complete 2010 formulary to make sure your required medications are still included. Only drugs on your plan’s formulary count toward the \$4,550 out-of-pocket costs you pay before catastrophic coverage begins.

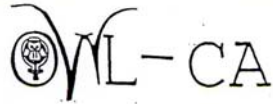
**DONUT HOLE:** *The gap in coverage during which you are responsible for 100% of your drug costs.* In 2010, eight plans offer some gap coverage. Only one of the eight provides gap coverage for a few brand name drugs; the remaining seven provide coverage only for some generics.



**DEDUCTIBLE:** *The amount you pay each year before Medicare Part D begins to cover your drug costs.* The costs of 2010 deductibles range from \$50 to the maximum \$310. Nineteen of the 47 plans have zero deductibles as compared with 29 zero deduction plans out of 51 PDPs offered in 2009.



**CO-PAYMENT:** *The portion of the cost you pay for your prescriptions.* The %age of the cost you pay for your prescription drugs does not change for 2010.



This brochure is a joint effort of the **Older Women's League of California** and **The Congress of California Seniors**, made possible by a grant from The California Wellness Foundation in collaboration with Health Access.

For more information, contact the Older Women's League, [www.owlca.org](http://www.owlca.org), or the Congress of California Seniors [www.seniors.org](http://www.seniors.org), at 1230 N Street, Suite 201 Sacramento, CA 95814.



*Time to check up on your Medicare Part D Plan? Important information you can use.*

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**If You Have Questions or Need Help Enrolling, Contact the Following:**

<b>Medicare</b> The official Medicare site offered by Center for Medicare & Medicaid Services	For questions on your current drug plan or to change drug plans	1-800-633-4227 Hearing Impaired TTY 1-877-486-2048 <a href="http://www.Medicare.gov">www.Medicare.gov</a> ; <a href="http://www.MyMedicare.gov">www.MyMedicare.gov</a>
<b>Health Insurance Counseling and Advocacy Program (HICAP)</b>	Free individual counseling on Medicare and Other health care issues for beneficiaries And their families or caregivers	1-800-434-0222 <a href="http://www.CalMedicare.org">www.CalMedicare.org</a>
<b>National Council On Aging</b>	Offers a step-by-step web guide that fully and simply explains the process of enrolling in Part D & choosing a drug plan	<a href="http://www.MyMedicareMatters.org">www.MyMedicareMatters.org</a>
<b>Access to Benefits Coalition</b>	Helps Medicare beneficiaries with limited incomes access all available resources for reducing their drug costs	<a href="http://www.AccessToBenefits.org">www.AccessToBenefits.org</a> 202-479-6670
<b>Mental Health Part D</b>	National mental health organizations created this resource to help people with mental illness—and their caregivers—navigate Part D	<a href="http://www.MentalHealthPartD.org">www.MentalHealthPartD.org</a> 1-800-969-6642 (National Mental Health Association)
<b>Medicare Rights Center</b>	Largest independent source of health care information and assistance for people with Medicare in the US	1-800-333-4114 9am—1pm EST <a href="http://www.MedicareRights.org">www.MedicareRights.org</a>
<b>Social Security</b>	Limited income Medicare beneficiaries can get information about help to pay prescription drug costs; to replace lost Medicare card	1-800-772-1213/ TTY 1-800-325-0778 <a href="http://www.socialsecurity.gov">www.socialsecurity.gov</a>